Do we have the will to ensure every child thrives?
Forty Percent of Children are Living in Families Who are Underwater

4 in 10 families raising children are likely to be underwater

Their children face long odds of upward mobility due to an education system that is barely treading water.
Approaching a Tipping Point
170,000 Families are Struggling to Raise Their Children

- Families making $75k or more per year
- Families making under $75k per year
Poor, working class and middle class families struggling alike

- Families making $75k or more per year
- Families making under $75k per year
- Families making $50k-$75k per year
- Families making under $25k per year
- Families making $25k-$49k per year
Families making $50k should be on the cusp of the middle class

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>$4,295</td>
</tr>
<tr>
<td>Utilities</td>
<td>$4,380</td>
</tr>
<tr>
<td>Child Care</td>
<td>$4,940</td>
</tr>
<tr>
<td>Food</td>
<td>$6,749</td>
</tr>
<tr>
<td>Transportation</td>
<td>$7,200</td>
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<tr>
<td>Taxes</td>
<td>$8,694</td>
</tr>
<tr>
<td>Housing</td>
<td>$12,119</td>
</tr>
</tbody>
</table>

...but they have $31 left a week after covering the basics
A $75k income should solidify families’ middle class status

Income: $75k

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<td>Child Care</td>
<td>$11,294</td>
</tr>
<tr>
<td>Taxes</td>
<td>$15,094</td>
</tr>
<tr>
<td>Housing</td>
<td>$15,838</td>
</tr>
</tbody>
</table>

...but these families have just $52 left after basic costs
No Surprise - Families in poverty are in debt from the basics alone

Food $1,179
Child Care $1,612
Transportation $4,301
Housing & Utilities $14,532

Income + Tax Credit Refunds: $21,230

-$8 per week

...$400 in the red each year
Cost of basic necessities grew by at least 17%

- **Child Care** for an Infant and a Toddler grew by $3,600 in Just Six Years
  - 2010: $21,450
  - 2016: $25,078

- Families' **Health Care Premiums** grew by 50% Since 2014
  - 2014: $3,598
  - 2017: $5,377

...while incomes have remained flat
Public Funding for Child-Care Offsets the Biggest Cost

...but total funding is too low to reach most families in need
Six out of Ten Children Can’t Enroll in Public Pre-K

66% not served - 31,276 children
44% enrolled - 24,512 children

Causing families to have to pay out of pocket for three and four year olds in child care
Still 40% of children cannot attend full day kindergarten because district’s lack the resources.

Districts with Half Day: 25
Districts with Full Day: 37
More Kids Suffer From Chronic Illnesses

- Attention Deficit Disorder: 34,932
- Asthma: 91,629
- Overweight/Obese: 214,419

...making out-of-pocket health care costs high for families
And, all costs are out-of-pocket for the families of the 27,420 uninsured children in the region
On top of all this, families face other everyday costs

- Birthday Presents
- School Supplies
- Clothes
- Toys
- Home Repairs
- Class Trips
- Sports Teams
- Car Repairs
- School Pictures
- Movies
- Shoes
- Summer Camps
- Braces
- Games
Parents also lack room for children’s enrichment in their budget

For example:

- Tutoring
- Music Lessons
- Summer Camps

...so they must rely heavily on schools to get a leg up
Good schools are parents’ best option for their children’s upward mobility
“Schooling has a strong causal effect on earnings”

James Heckman et al., *Journal of Political Economy*, 2018
“Better school quality...increase[s] adult incomes”
State mandates drive up school costs

Growth in State mandated costs, 2010 to 2016

- Pensions: $722,115,987
- Charter Schools: $505,305,745
- Special Education: $470,015,925
State mandated costs are growing at nearly four times the rate of State funding.

Growth for SEPA School Districts, 2010-2016

State Funding Growth: $440,959,411

State Mandated Costs Growth: $1,697,437,657

$1.25 billion shortfall
The State is shortchanging SEPA districts by $1.5 Billion

Every district in the region would get millions in additional funds if State funding were adequate

<table>
<thead>
<tr>
<th>County</th>
<th>Additional Money if State Funding Were Adequate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bucks</td>
<td>$80 Million</td>
</tr>
<tr>
<td>Chester</td>
<td>$109 Million</td>
</tr>
<tr>
<td>Delaware</td>
<td>$171 Million</td>
</tr>
<tr>
<td>Montgomery</td>
<td>$142 Million</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$966 Million</td>
</tr>
</tbody>
</table>
Inadequate State Funding Forces Districts to Raise Property Taxes to Stay Afloat

Over the past 10 years, almost every district has had to raise property taxes in most, if not every, year.

- 10 Prop Tax Increases: 22 Districts
- 8-9 Prop Tax Increases: 22 Districts
- 6-7 Prop Tax Increases: 12 Districts
- 3-5 Prop Tax Increases: 5 Districts

School property taxes typically make up a third to half of working and middle class families’ tax bill.
Every suburban district has growing numbers of low income students

92% of suburban school districts have more low income students now than in 2013

...who are costlier to educate
Most districts are unable to put more money towards instruction, despite local tax increases...since 2010, 60% of districts in our region have less to spend on instruction...
As a Result, Students Struggle Academically

Majority of Students in Lower Income* Districts are Failing the PSSAs

- Reading: 40%
- Math: 57%

Even in Higher Income Districts, an Alarming Share of Students are Failing

- Reading: 19%
- Math: 36%

*Lower income districts are those with 30% or more of their students economically disadvantaged
Bold Action Must be Taken to Improve the Live Chances of Our Children
By investing in children we can help families get above water

- Increase funding for Child Care Works, Pre-K Counts and Head Start and implement full day kindergarten
- Increase funding for public schools
- Expand eligibility for Child Care Works and the Children’s Health Insurance Program
Increasing family economic stability will help children thrive

• Create affordable housing and transportation strategies at the County level
• Expand the State’s Tax Forgiveness program and increase funding for public schools to offset property and other local taxes
• Boost the minimum wage and pay for direct care work conducted under state contracts
Specifics on school funding needs

• Increase State K-12 basic education and special education funding – adequate State funding would bring $1.5 billion in additional funds to SEPA schools

• Restore the State’s charter school reimbursement for school districts – this would bring at least $233 million in additional funds to SEPA schools
Underwater Reports

Download the reports at: www.pccy.org/underwater